

## Message Text

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SUBJECT: UNCTAD IV: STATEMENT BY SECRETARY KISSINGER  
AT UNCTAD IV.

REF: GENEVA 04654

1. DEPARTMENT RECOMMENDS THAT UNCTAD DOCUMENT TD/SR. 121  
BE CHANGED TO READ AS FOLLOWS:

QUOTE:

MR. KISSINGER (UNITED STATES OF AMERICA) SAID THAT THE TASK  
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OF THE CONFERENCE AT ITS FOURTH SESSION WAS TO ADVANCE WORK  
IN THE FOUR KEY AREAS OF COMMODITY ISSUES, A LONG-TERM PRO-  
GRAMME FOR THE TRANSFER OF TECHNOLOGY, THE BALANCE-OF-PAY-  
MENTS AND DEBT PROBLEMS OF THE DEVELOPING COUNTRIES AND THE

SPECIAL NEEDS OF THE POOREST COUNTRIES.

A PIECEMEAL APPROACH TO COMMODITY PROBLEMS CLEARLY NO LONGER SUFFICED. THE UNCTAD SECRETARIAT HAS MADE AN IMPORTANT CONTRIBUTION TO MEETING THOSE PROBLEMS IN ITS INTEGRATED PROGRAMME FOR COMMODITIES. WHILE THE UNITED STATES COULD NOT ACCEPT ALL OF ITS ELEMENTS, THERE WERE MANY PARTS WHICH IT WAS PREPARED TO CONSIDER. THE UNITED STATES CON-

SIDERED THAT A COMPREHENSIVE APPROACH SHOULD COMPRISE FOUR ESSENTIAL ELEMENTS. THE FIRST WAS TO ENSURE ADEQUATE INVESTMENT FOR RESOURCE DEVELOPMENT BY DEALING REALISTICALLY WITH THE POLITICAL AND ECONOMIC PROBLEMS, SUCH AS NATIONALIZATION AND FORCED CHANGE IN THE TERMS OF CONCESSIONS CONVERTING INVESTMENT FROM DEVELOPING TO DEVELOPED COUNTRIES, BY TRYING TO ELIMINATE SOME OF THE COMPLEXITIES AND DELAYS THAT INHIBITED RATIONAL INVESTMENT AND BY CENTRALIZING WORK TO FACILITATE RESOURCES DEVELOPMENT AND TO PROMOTE EQUITABLE SHARING OF ITS BENEFITS. TO THAT END, THE UNITED STATES PROPOSED THE ESTABLISHMENT OF AN INTERNATIONAL RESOURCES BANK (IRB) WITH A CAPITAL FUND OF 1 BILLION DOLS WHICH WOULD MOBILIZE CAPITAL FOR SOUND RESOURCES DEVELOPMENT PROJECTS BY ASSISTING INDIVIDUAL RESOURCES PROJECTS TO SECURE DIRECT FINANCING AND BY A PARTIAL GUARANTEE OF BONDS WHICH COULD BE SECURED BY A SPECIFIC COMMODITY OR WHICH COULD BE RETIRED THROUGH DELIVERY OF A SPECIFIC COMMODITY. TO ENSURE EFFECTIVE COORDINATION, THE IRB COULD BE ASSOCIATED WITH THE WORLD BANK GROUP AND COULD OPERATE IN CLOSE COLLABORATION WITH OTHER FINANCIAL INSTITUTIONS; ITS ADVANTAGES WOULD BE ENCOURAGEMENT OF THE CREATION OF CONDITIONS FOR PROJECT DEVELOPMENT CONSISTENT WITH INTERNATIONALLY ACCEPTED STANDARDS OF EQUITY. MULTILATERAL GUARANTEES FOR MOST COUNTRIES AND INVESTORS, PRODUCTION SHARING ARRANGEMENTS, THE CONTRIBUTION OF THE COMMODITY BONDS TO STABILIZATION OF COMMODITY EARNINGS AND OF COMMODITY SUPPLY AND DEMAND AND PROMOTION OF THE TRANSFER OF TECHNOLOGY.

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THE SECOND ELEMENT OF THE COMPREHENSIVE APPROACH WAS IMPROVEMENT OF THE CONDITIONS OF TRADE AND INVESTMENT IN INDIVIDUAL COMMODITIES. IN THAT CONNECTION, BUFFER STOCKS, WHICH COULD BE SUPPLEMENTED THROUGH THE IRB IF EXISTING SOURCES OF FINANCING PROVED INADEQUATE, DESERVED SPECIAL ATTENTION.

THE UNITED STATES ALSO PROPOSED SOME ADDITIONAL MEASURES: AGREEMENT ON A DEFINITE TIMETABLE FOR THE STUDY OF IMPROVEMENTS WITH REGARD TO ALL KEY COMMODITY EXPORTS OF THE DEVELOPING COUNTRIES, BEGINNING WITH CONCERTED CONSIDERATION OF THE MATTER OF PRODUCER-CONSUMER FORUMS IN 1976; SPONSORING BY THE WORLD BANK AND REGIONAL INSTITUTIONS OF

PROJECTS TO IMPROVE PRODUCTION OF HARD FIBRES IN THE POOREST COUNTRIES OR TO FACILITATE DIVERSIFICATION OF THEIR PRODUCTION IN ORDER TO REDUCE EXCESSIVE RELIANCE ON SUCH EXPORTS; AND EMPHASIS ON FOOD AND ENERGY IN ALL PROGRAMMES OF RESOURCES DEVELOPMENT. THE UNITED STATES URGED OTHER COUNTRIES TO JOIN IN MAKING THE CONCEPT OF WORLD FOOD RESERVES A REALITY. IN INCREASING SUPPORT FOR AGRICULTURAL

DEVELOPMENT IN POORER NATIONS AND IN PROVIDING NECESSARY FOOD AID.

THIRDLY, WITH REGARD TO STABILIZING THE EXPORT EARNINGS OF THE DEVELOPING COUNTRIES. GRATIFYING PROGRESS HAD BEEN MADE IN IMPROVING THE IMF MACHINERY AND THE UNITED STATES WOULD BE PREPARED TO JOIN OTHERS, PARTICULARLY PETROLEUM-PRODUCING COUNTRIES WITH STRONG RESERVES, IN REVIEWING THE ADEQUACY OF THE IMF TRUST FUND'S RESOURCES TO PROVIDE CONCESSIONAL FINANCING TO POORER COUNTRIES TO OFFSET DECLINES IN EARNINGS FROM AN AGREED LIST OF SIGNIFICANT COMMODITIES. FINALLY, WITH REFERENCE TO EXPANSION OF TRADE IN RESOURCES AND PROCESSED GOODS, THE UNITED STATES CONSIDERED THAT THE MOMENTUM IN REDUCING WORLD TRADE BARRIERS MUST BE MAINTAINED AND HAD SUPPORTED INITIATIVES IN OECD AND IN THE MULTILATERAL TRADE NEGOTIATIONS TO THAT END, IN ADDITION TO OPENING WIDE TRADING OPPORTUNITIES FOR DEVELOPING NATIONS UNDER ITS OWN SCHEME OF PREFERENCES. IN THE MTN IT WAS NEGOTIATING INTENSIVELY ON TARIFF REDUCTIONS ON UNCLASSIFIED

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TROPICAL PRODUCTS, URGED THAT THE NEGOTIATIONS ON RULES CONCERNING NON-TARIFF BARRIERS (ESPECIALLY EXPORT SUBSIDIES AND SAFEGUARDS) GIVE GREATER ATTENTION TO THE NEEDS OF DEVELOPING COUNTRIES, AND HAD MADE A TARIFF REDUCTION PROPOSAL WHICH WOULD SIGNIFICANTLY REDUCE THE ESCALATION OF TARIFFS ON PROCESSED RAW MATERIALS. IT ALSO URGED THAT A STUDY BE BEGUN IN GATT ON THE FEASIBILITY OF AN INTERNATIONAL CODE OF EXPORT CONTROLS, IN ORDER TO IMPROVE RELIABILITY OF SUPPLY.

WITH REGARD TO THE SECOND KEY AREA, UNDERLINING THE GREAT IMPORTANCE OF TECHNOLOGY TO THE DEVELOPMENT PROCESS, SECRETARY KISSINGER IDENTIFIED A NUMBER OF IMPEDIMENTS TO RAPID AND EFFECTIVE TECHNOLOGY TRANSFER FROM INDUSTRIALIZED TO DEVELOPING COUNTRIES. IN MANY CASES TECHNOLOGY MAY NOT FIT THE REAL NEEDS OF DEVELOPING COUNTRIES AND THERE IS A CHALLENGE TO DEVELOP NEW TECHNOLOGY AND INSTITUTIONS RELEVANT TO THE NEEDS OF THOSE COUNTRIES; DEVELOPING COUNTRIES OFTEN LACK ADEQUATE INFORMATION AND EXPERTISE TO IDENTIFY NEEDED TECHNOLOGY; THERE IS A SHORTAGE OF TRAINED MANPOWER TO SELECT, ADAPT AND EFFECTIVELY MANAGE TECHNOLOGY; OFTEN CANNOT BE SEPARATED FROM CAPITAL AND MANAGEMENT, AND HENCE IS ONE ELEMENT OF THE INVESTMENT PRO-

CESS FOR WHICH A FRAMEWORK WHICH FACILITATES THE TECHNOLOGY TRANSFER PROCESS SHOULD BE MAINTAINED. TO OVERCOME THESE DIFFICULTIES, THE U.S. SUPPORTS A COMPREHENSIVE APPROACH CONSISTING OF FIVE BASIC ELEMENTS:

FIRST, THE ESTABLISHMENT OF A GLOBAL NETWORK OF RESEARCH AND DEVELOPMENT INSTITUTIONS INCLUDING U.S. PROPOSALS FOR

AN INTERNATIONAL INDUSTRIALIZATION INSTITUTE TO ENCOU AGE R AND D IN INDUSTRIAL TECHNOLOGY APPROPRIATE TO DEVELOPING COUNTRIES; AND INTERNATIONAL ENERGY INSTITUTE TO MEET THE NEEDS OF DEVELOPING COUNTRIES IN ENERGY; THE EXTENSION OF EXISTING NETWORKS FOR APPLIED RESERACH IN AGRICULTURE, HEALTH AND EDUCATION; AND U.S. PROPOSALS FOR CONCRETE PRO-GRAMS IN THE AREAS OF SATELLITE, WATER RESOURCES AND OCEANS TECHNOLOGIES.

SECONDLY, THE U.S. PROPOSED IMPROVEMENT IN THE AMOUNT AND UNCLASSIFIED

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QUALITY OF TECHNOLOGICAL INFORMATION AVAILABLE TO DEVELOP-ING COUNTRIES, INCLUDING SUPPORT FOR THE UN INTERNATIONAL CENTER FOR EXCHANGE OF TECHNOLOGICAL INFORMATION, IMPROVED ACCESS TO NATIONAL INFORMATION FACILITIES, AND THE PRO-POSED ESTABLISHMENT OF AN UNCTAD ADVISORY SERVICE.

THIRDLY, TO TRAIN NEW GENERATIONS OF TECHNOLOGISTS AND TECHNOLOGY MANAGERS, THE PROPOSED INTERNATIONAL INDUSTRIAL-IZATION INSTITUTE AND INTERNATIONAL ENERGY INSTITUTE SHOULD CONCERN THEMSELVES WITH THE TRAINING OF SUCH PERSONNEL. APPROPRIATE MEASURES WOULD ALSO BE TAKEN IN UNITED STATES TRAINING INSTITUTIONS TO ENCOURAGE CREATION OF SPECIAL CUR-RICULA APPROPRIATE TO DEVELOPING COUNTRY NEEDS. MEASURES SHOULD BE DEvised TO CURB THE BRAIN DRAIN FROM THE DEVELOP-ING COUNTRIES AND THE UNITED STATES GOVERNMENT WOULD EN-COURAGE THE FORMATION OF A TECHNOLOGY CORPS OF SKILLED PERSONNEL TO HELP TRAIN LOCAL MANPOWER IN SPECIFIC DEVELOP-MENT PROJECTS.

FOURTHLY, SINCE NEW TECHNOLOGY IN INDUSTRIALIZED COUNTRIES RESIDES PRIMARILY IN THE PRIVATE SECTOR, WHICH IS THE MA-JOR SUPPLIER OF MANAGEMENT, TECHNOLOGY AND CAPITAL, THE U.S. RECOMMENDED THE DEVELOPMENT OF VOLUNTARY GUIDELINES SETTING FORTH CONDITIONS AND STANDARDS FOR TECHNOLOGY TRANSFER. THE PROPOSED INTERNATIONAL RESOURCES BANK CAN ENHANCE THE ABILITY OF DEVELOPING COUNTRIES TO MANAGE TECHNOLOGY.

FINALLY, THE U.S. STRONGLY SUPPORTS THE UN CONFERENCE ON SCIENCE AND TECHNOLOGY FOR DEVELOPMENT PROPOSED FOR 1979, AND SEES THIS AS AN EXCELLENT OPPORTUNITY TO SET GOALS FOR ACHIEVEMENT AND A REVIEW OF RESPONSIBILITIES FOR THE

SHARING AND USE OF TECHNOLOGY. THE U.S. PLANS A NATIONAL CONFERENCE OF QUALIFIED PERSONS TO CONSIDER THE RANGE OF TECHNOLOGICAL ISSUES OF CONCERN TO THE DEVELOPING WORLD.

TURNING TO THE QUESTION OF BALANCE-OF-PAYMENTS AND DEBT PROBLEMS, HE STRESSED THAT FLOWS OF FUNDS FOR DEVELOPMENT MUST NOT BE REDUCED OR DIVERTED BY SHORT-TERM ECONOMIC

PROBLEMS AND THAT LONG-TERM FINANCING MUST BE INCREASED  
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AND ITS QUALITY ENHANCED. THE UNITED STATES THEREFORE URGED THE OECD DEVELOPMENT ASSISTANCE COMMITTEE TO WORK OUT ARRANGEMENTS FOR RECIPROCAL UNTYING OF SUCH ASSISTANCE. SINCE PRIVATE CAPITAL FLOWS WERE AND WOULD CONTINUE TO BE THE MAIN FORM OF DEVELOPMENT FINANCE FOR MANY COUNTRIES, THE UNITED STATES IS SUPPORTING THE MEASURES UNDER STUDY BY THE IMF/IBRD DEVELOPMENT COMMITTEE TO ENSURE CONTINUED IMAGINATIVE ADAPTION OF INTERNATIONAL CAPITAL MARKETS TO THE NEEDS OF DEVELOPING COUNTRIES, AS WELL AS THE CURRENT NEGOTIATIONS ON REPLENISHMENT OF THE INTERNATIONAL FINANCE CORPORATION (IFC).

THE UNITED STATES CONSIDERED THAT GENERAL RESCHEDULING OF DEBTS WOULD NOT PROVIDE AN EQUITABLE SOLUTION AND THAT THE DEBT PROBLEM OF THE DEVELOPING COUNTRIES SHOULD BE EXAMINED IN THE LIGHT OF EACH COUNTRY'S SPECIFIC POSITION AND NEEDS, USING PROCEDURES AGREEABLE TO CREDITORS AND DEBTORS ALIKE. IT PROPOSED THAT COMMISSION ON FINANCIAL QUESTIONS OF THE CONFERENCE ON INTERNATIONAL ECONOMIC COOPERATION OR SOME OTHER GENERALLY AGREED BODY SHOULD EXAMINE THE ECONOMIC AND ACUTE FINANCING PROBLEMS OF THE DEVELOPING COUNTRIES.

FINALLY, WITH REGARD TO THE SPECIAL NEEDS OF THE POOREST COUNTRIES, THEIR NEEDS WERE MASSIVE AND THE CONFERENCE HAD A COLLECTIVE MORAL RESPONSIBILITY TO HELP THEM THROUGH INCREASED RESOURCE FLOWS, IMPROVED TERMS AND QUALITY OF ASSISTANCE. THE U.S. ALSO RECOGNIZED THE NEED FOR SUBSTANTIAL REPLENISHMENT OF IDA. IT HOPED GENEROUS OPEC SUPPORT WOULD ALSO BE FORTHCOMING.

THE UNITED STATES WAS PARTICIPATING ACTIVELY IN THE CLUB DES AMIS DU SAHEL AND HAD PROPOSED AN URGENT STUDY TO END WATER SHORTAGE IN THAT AREA BY MOBILIZING THE GREAT AFRICAN RIVERS; THE UNITED STATES CONGRESS HAD ALREADY AUTHORIZED UP TO \$200 MILLION FOR THE INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT; AUTHORITY HAD BEEN GIVEN UNDER THE FOREIGN ASSISTANCE ACT TO FINANCE ALL LOCAL COSTS OF AGENCY FOR INTERNATIONAL DEVELOPMENT (AID) PROJECTS IN THE LEAST DEVELOPED COUNTRIES; 70 PERCENT OF UNITED STATES BILATERAL ASSISTANCE NOW WENT TO COUNTRIES WITH A PER CAPI-

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TA GNP OF \$300 OR LESS, THE UNITED STATES SUPPORTED PROPOSALS THAT THE SHARE OF COUNTRIES WITH A PER CAPITA GNP OF UNDER \$500 BE INCREASED TO OVER 80 PERCENT OF ALL UNDP GRANTS, ONE-THIRD GOING TO THE POOREST COUNTRIES IN THAT CATEGORY; IT WOULD EXPAND ITS EFFORTS TO DEVELOP INTEGRATED SYSTEMS FOR BASIC COMMUNITY HEALTH SERVICES; AND IT HAD MADE A DETAILED PROPOSAL IN THE UNITED NATIONS CONFER-

ENCE ON THE LAW OF THE SEA THAT REVENUES FROM DEEP SEABED MINING AND RESOURCES EXPLOITATION BE SHARED WITH THE INTERNATIONAL COMMUNITY, ESPECIALLY FOR THE BENEFIT OF THE POOREST COUNTRIES. MOREOVER, TO IMPROVE THE TERMS OF BILATERAL ASSISTANCE THE UNITED STATES PROPOSED THAT ALL DONOR COUNTRIES SHOULD AGREE TO PROVIDE ALL THEIR DEVELOPMENT ASSISTANCE (AID) TO THE LEAST DEVELOPED COUNTRIES ON THE UNCTAD LIST ON A GRANT BASIS AND HIS GOVERNMENT WOULD SEEK CONGRESSIONAL AUTHORIZATION TO DO SO; IT WAS ALREADY AUTHORIZED TO CONVERT SOME OF ITS PL-480 LOANS INTO GRANTS UNDER CERTAIN CIRCUMSTANCES.

THE UNITED STATES DELEGATION CONSIDERED DEVELOPMENT TO BE A MUTUALLY REINFORCING ENDEAVOUR INVOLVING MUTUAL RESPONSIBILITY. IT WAS A PROCESS OF CHANGE AND INNOVATION AND IT WAS, ABOVE ALL, A HUMAN ENTERPRISE IN WHICH THE QUALITY OF LIFE AND THE DIGNITY OF THE INDIVIDUAL WERE PARAMOUNT. UNPRECEDENTED INTERNATIONAL COLLABORATION WOULD BE NEEDED TO OVERCOME A GLOBAL CHALLENGE OF HISTORIC PROPORTIONS. BUT IT WAS IN THE POWER OF THE WORLD COMMUNITY TO ACHIEVE IN THE PRESENT GENERATION A RATE OF ECONOMIC ADVANCE THAT HAD NO PARALLEL IN HUMAN EXPERIENCE. THE UNITED STATES WAS PREPARED TO OFFER ITS NATIONAL CAPACITIES TO THAT END. END TEXT.

2. PLEASE SUBMIT CHANGES TO UNCTAD. SHOULD PROBLEMS ARISE, ADVISE DEPARTMENT. ROBINSON

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